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"THE AMERICAN WAY"

By Harry Serwer

MANUFACTURERS and retailers are frightened. January dollar volume, in all items but food, was a bust — despite month-long and store-wide "special sales". Prices were adjusted downward — often to cost and below — yet the volume was more than 15 per cent below January, 1951. Like consumptives who paint their cheeks to simulate the glow of health, retailers gloat: "But it was better than in January, 1950."

No mention is made of the fact that in the pre-Korea January, when prices were lower, a greater number of units were sold, even though less dollars landed in the till. A healthy economy is one in which many units of goods are made and consumed, not one in which many dollars change hands.

Since it is considered "dangerous to the economy" to admit adverse conditions, there is a conspiracy to deny facts. In the last three months I have heard many top executives declare, with variations, "knock on wood, business is terrific!" Yet, despite such cheer-leader exuberances, it is well-known that many large producers have had to resort to commercial morals comparable to those of the street corner shill. And that includes the juggling of financial statements. "Otherwise, it just wouldn't be healthy."

They fool nobody. The retailer knows the truth. He is fully aware of the stocks in the manufacturer's bins and he knows that the manufacturer's creditors are clamoring for money, and because his aisles are conspicuously uncrowded, he is mercilessly taking advantage of the situation to pound prices down with the hope that "lower prices will bring the customer back to the store".

All sorts of depression shenanigans are showing up. Many store buyers are accepting bribes; and it is a short step from accepting bribes to practicing blackmail. Since published prices cannot hold up in a falling market, there is no telling how much a buyer really pays. If a $50 item is offered at $45, the buyer will beat down the price to $40 and close the deal with: "You bill the house at $45 and give *me* the other $5 — in cash." The manufacturer, conscious of his financial position, and knowing that his competitors are no better off, is morally unhinged; he accepts the deal.

I am not speaking of isolated cases. Graft in the business world is so rampant that stopping it is easy. Some of the victims — okay, culprits — readily admit the fact. Their

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major complaint is that the graft is causing bookkeeping difficulties: the transactions are in cash and are hard to account for in the tax returns.

"Why do you bother about it?" one man I interviewed said. "It's the American way."

WHEN MORALS DECAY, justifications become abundant. "After all, if stores demand subsidies from their suppliers — in the way of advertising, window rent, inside deals, discounts — why should not the store buyers?" One man said: "The people are simply following the moral code of Washington." Another declared, "When the head of a large store, with a terrific purchasing power, hires a buyer with the inducement that the low salary can be augmented 'with extras', the whole market, including the suppliers, knows about it; and that's the way business is done."

The most interesting observation came from a man of importance in his field: "They're taking the dough because it's tax-free — the only tax-free money the buyers can get. How can they refuse it? And how long before they anticipate the offer by stipulating the bribe as part of the deal?"

There are persistent rumors that some wholesalers won't accept business from buyers unless a bribe arrangement is included. The reason is clear: the deal between store buyer and wholesaler is predicated on a minimum amount of business for the year. That is a great consideration, because sales volume is thus predetermined and production can be planned accordingly. By tying down the buyer (even in a corrupt market, exposure is unpleasant), the wholesaler assures himself of an outlet for his merchandise.

All this adds to the cost of doing business; a part of the consumer's dollar goes to parasitical incidentals. While it theoretically does not raise the cost to the consumer in this ailing civilian economy, it does put a dishonest floor under prices; it prevents the consumer from getting merchandise for less.

I CALLED on a manufacturer and asked him how far up the corruption is going — at what economic level it stops. He answered with a story about electric motors. He had ordered some from a giant corporation, one whose volume runs into many millions. "They were late in deliveries and a lot of correspondence ensued. Some of their excuses were so obviously dishonest that we thought we were dealing with a shifty second-hand machine shop. When we finally got the motors we found that they ran backwards, and we were right where we started. Even the excuse for this boner was worthy of a charlatan." That was the man's way of telling me he might have done better with a well-placed gratuity.

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I called on a chain store buyer and offered the theory that the income tax is causing some of this undercover income. He said, "I don't know of any direct cases in which the tax tie-up is the chief gimmick, but it may very well be, because I never heard of so much slip-money before."

Then he added, "We in the higher brackets are in one hell of a swivel. In 1925 my extravagant way of living set me back $30,000 a year. My accountant tells me that the same standard today would cost me more than $90,000. I am now making more than twice as much as I did in 1925, but I don't live as well, even though I have to dig into the old sock" — which was another way of saying that the temptation to evade the income tax is strong.

Another friend in the higher brackets told me about a job that would pay him ten thousand more than he is making. "Did you take it?" I asked. "Hell, no. I don't want money, I want net income. More than that, I must have capital appreciation. I want the opportunity to fix up my books so that I can siphon off something for myself. I want to leave something for my wife and kids. If I keep on eating up my own fat, what will happen to them after I'm gone?"

The head of a fairly substantial business, who is reputed to be as corrupt as Cagliostro, was quite frank with me. "I gotta take it. The overhead is like a tape-worm — and who says I'm in business for glory? Yes, I take it, and I get leery every time the phone rings. Everybody in my organization filches the filthy. One day one of my girls asked me for a raise. I figure she's well paid. Anyhow, since she lives with her mother I bust in on them one evening when they are having dinner. What do I see? Tiffany silverware, two domestics, a period TV with full length doors, a piano. I don't live like that, even with all I steal." "Did you fire her?" I asked. "You think I'm nuts? Who am I gonna hire in her place — Joan of Arc?"

CORRUPTION is habit-forming; it increases in intensity with practice. Once a bribe is taken, the inclination is to look for and demand it, and then to seek new sources. The initiated buyer asks: "How long has this been going on — and where was I all the time?" He chisels in on the advertising racket, as follows.

The buyer goes to the inventory-sick wholesaler and says: "I can move a lot of stuff for you. Suppose you give me the dough for a magazine ad. I'll get all our stores to buy from you, because we'll list their names in the ad. I'll give you, to begin with, a bulk order for all the stores." He forgets to tell the victim that the order is subject to confirmation by the individual stores. But the wholesaler's mathematics are distorted by his need for orders; he says, "Oke." The buyer then goes to an agency and sings:

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"I can get you twenty pages if you will cut me in for 5% of the billing." The agency, a small and hungry one, slavers and huffs like Pluto in the animated comics.

Right there the corruption is compounded. The agency head seeks out buyers who never thought of the scheme and instructs them. Or, he goes to the boss of the buyers and suggests ways and means. "You have hired an agency that is dead from the neck up. All they do is to show you how to spend your own money. I'll help you collect from your supplier — for advertising — a dollar for every fifty cents you spend. You don't spend any of your money, and you collect 100% profit — all of which is non-taxable." To top off the conspiracy, the agency may split with the wholesaler his commission on the advertising paid for by the retailer.

THE STORY is as sordid as it is long. Means for evading the income tax multiply faster than the bureaucracy can think of ways to caulk them up. The net result is a callousness that threatens to undermine any sense of morals that may remain in American life. The situation calls for an Isaiah, though the odds are that even a prophet of his proportions could do nothing about it. A rampage of degeneracy is in the making, opening the way for some false god — a Hitler or a Stalin.

The source of the disease, of course, is Washington. Business, circumscribed by the rules of production, is unable to meet the competition of a Ninety-Billion-Dollar Bureaucracy, which can spend without producing a thing. To oppose this monster is to court destruction; the easiest way is to hop on the bandwagon, to partake of the swag. Why bother with ethics when the civilian economy, which is the normal habitat of business, is dying? If it were not for government spending we would be in a depression that would make 1932 look like a boom.

But, government spending is accompanied by inflation, so that the dollars got that way buy less and less, which means that more and more dollars must be had to live. Evasion of the income tax (which also increases with government spending) seems to be the only way. If the methods devised smack of immorality, let's look to the culprit higher up.

Meanwhile the wage-earner, with hardly a chance to chisel on income taxes, is caught in the ethico-economic avalanche. The best he can do is to cut down on his consumption. Food he must have; nothing else seems to be worth what is asked for it. So, he buys food and passes up other things. The ratio of unspent spendable dollars to dollars earned is at an all-time high. Hence, business is as bad off as ethics.

Where will it stop? My guess: at the point where the rank and file get fed up with the whole situation and demand a savior. Will he be a Hitler or a Stalin?

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HUMAN EVENTS

FRANK C. HANIGHEN, *Editor* FRANK CHODOROV, *Associate Editor*

Volume IX, No. 8 Wednesday, February 20, 1952 Washington, D. C.

"Mr. President": While Washington newsies study every word at press conferences, and commentators read the auspices in statements of his friends, Truman has actually already given the most positive indication he will run and he has given it in quite a different place than the Capital and in quite a different way than a White House press conference.

After a few days of intensive investigation in New York, we have this to report:

The campaign book to re-elect Truman is already written, is being hurried into print and will be published on March 18 in New York. It is a great book event, a great campaign signal.

The book is called *Mr. President,* and is edited — and partially written — by William Hillman, veteran newspaperman, formerly with the Hearst papers and *Colliers* and now a broadcaster for Mutual. The fact that such a book is coming out is no secret, indeed it has been announced. What isn't so well-known and recognized is the fact that this forthcoming volume is designed as a mighty asset for Democrats trying to bolster the President's political fortunes in this year 1952. It's a lavish affair, containing 200 illustrations, some in color. It is priced at $5.00.

Investigation in publisher's row, on Fourth Avenue in New York, yields the following portents and facts:

(1) The book has already an advance sale of about 125,000 copies, reportedly — a truly phenomenal figure this early in the publishing half-year.

(2) The *Reader's Digest* will run an abridgement of it, which will take up about 45 pages in the April issue (to appear the end of March). Editors of the *Digest* have been quoted as saying that they have paid the highest price they have ever paid for rights to a book.

(3) The publisher, Mr. Roger Straus, of Farrar, Young and Straus is a Truman Democrat.

(4) The publisher has launched an unprecedented advertising campaign which includes five full pages of ads for it in the trade magazine, *Publishers Weekly.*

One veteran book publisher told us: "This is the most colossal advertising campaign I've seen. If I had a *Gone With the Wind,* I would extend myself to take two pages in the *Publishers Weekly.* But five pages!"

He went on: "And no publisher has ever had such an advance sale in so short a time. I find it hard to believe that book salesmen brought in such orders from the trade. Everyone I know in the trade calls this a campaign book."

But what's in the book? Those who have seen the mss. say that the material — including extracts from the President's diary, documents, letters, etc. — is skillfully designed to build up Truman as a nice, "folksy", honest fellow, and to tear down his political enemies.

One man involved in this publishing venture (who is, incidentally, a Republican), told us after he had read the galley proofs: "This will elect Truman." Be that as it may; but we somehow got the idea that he got the idea Truman will run.

That Secret Poll: For some weeks, the Taft camp here has talked in hushed tones about a secretly conducted poll in New Hampshire. But, "even in the lodge" — we understand — no details were known.

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Only the top level — the "secret six" — knew the score.

Now, we have been able to secure approximate data on this poll, never before published. It seems that Mr. John D. M. Hamilton of the Taft organization obtained a list of about 80,000 names from the polling lists of New Hampshire, and set experts to work to take an absolutely error-proof straw vote. Originally, as the straw votes came in, Eisenhower led Taft by a comfortable margin, about 42 per cent for Ike, about 28 per cent for Taft and 20 per cent for MacArthur. Then the Ike votes began to slip, the Taft votes to rise and MacArthur votes held steady. Finally, MacArthur's name was dropped because it does not appear on the preferential ballot.

And then Eisenhower votes began to slide off rapidly, while Taft votes ascended sharply. The last we heard, it was Eisenhower 36 and Taft 34.

Those who know the course of this poll believe that Taft will lead Ike in the preferential primary vote, by picking up MacArthur votes (since Mac's name is not on the preferential ballot; although delegate candidates pledged to him are on the delegate ballot). Indeed, the chances of Taft in New Hampshire are rated much better today than at any time in the past.

One factor is believed to favor him. The leaders of the Eisenhower organization — it is being said — outsmarted themselves when they decided to go into New Hampshire. They recalled that "me-too" Republican Senator Tobey was re-nominated in a hot contest in 1950 because many Democrats "crossed the line" and voted in the Republican primary for him against the conservative GOP candidate. Hence, they argued, Eisenhower would get these Democratic votes. But Senator Kefauver, in a surprise move, filed in the Democratic primary and now faces Truman in a spirited intra-Democratic contest. The conclusion is that Democratic voters will not "cross the line" in the coming primary on March 11, preferring to vote in their own interesting race. On that basis, Taft stands a better chance.

An Internal Revenue Agent Speaks: Last weekend, we ran across him, an old New York acquaintance, and went to work right away pumping him. We believe he's honest. Anyway, not for quotation, he said a great deal:

"It's the fault of the Department of Justice. These cases of income tax cheating, all packed up, go down there for action. Some of them are dropped and often we don't know why. Gradually, the little agents in the field got wise — they knew that the men in Washington were 'fixing' them. These little agents had spent a great deal of time and trouble working up these cases. They became discouraged and finally cynical, because the boys in Washington did not prosecute the cases. So they began to do business on their own. I myself heard one of these agents up here say that he might as well 'fix' cases himself rather than send them to Washington where the higher-ups would make the fix. I think a lot of this trouble came that way.

"This business of working up cases for Washington to prosecute gets me down. A Justice attorney came to me about a certain case. He wanted to drop it. He had erected the most fantastic legal theory I had ever heard of, in order to justify dropping the case. I said to him: 'But if your theory is valid, these four other cases I just showed you here on my desk should be dropped.' The attorney hastened to say, 'No, no, don't drop those.'

"I'll tell you — the real source of this trouble dates from price control in the last war. There was a regulation which said that the Bureau could not recognize — for tax purposes — any prices on the books of taxpayers unless they were official, controlled prices. Well, many a manufacturer had to rustle around, in those days, to get materials from the gray and black markets and had to pay prices higher than official prices. When the Revenue examiners came to look at his books, they wouldn't allow these higher costs and made him substitute the lower costs, figured on official, controlled prices. So, the manufacturer's net was shown as higher than it actually was, and he had to pay higher taxes. Then, the hanky-panky commenced.

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"But I want to tell you these scandals you hear about now are nothing new to us. They were reported to Washington years ago."

MacArthur: Why does the General atop the Waldorf stay aloof from the political struggle and why does he decline to allow his name to be entered in primaries?

Certainly, there exists the most extraordinary enthusiasm for him among voters. It is constantly cropping up. A member of Congress told us about two striking instances he had encountered in one day, as follows: (1) A well-known Southern Congressman told colleagues in the House that he was all for MacArthur for President. This prominent Southern Democrat comes from an area supposedly strong for Eisenhower. (2) The GOP chairman of an upstate New York county was asked how his mail was running. The member of Congress who asked the question expected to hear that Ike was the favorite in the letters to the GOP chairman. But the county chairman said there was mail in favor of no candidate, only in behalf of MacArthur.

Now the current explanation of why the General does not permit entering his name on primary ballots and for his obvious desire not to run is that he wishes Taft to become President. We believe that to be true. But why is he for Taft?

One of MacArthur's oldest and most intimate friends, who has seen him within recent weeks, tells us the answer, as follows:

"Taft would make the best President, I would not," said MacArthur to our friend. "Taft knows the art of politics; he sticks to principle but he knows how to give in and compromise on lesser points. That characteristic runs counter to all my experience as a military man. As a general I frame a decision and give an inflexible command, and I couldn't — nor could any general — concede a jot from the text of my command. It's the military way of doing things and all right in the military field. But not in the politics of a democracy. I would not, in view of my training and experience, be well fitted to be a political leader. That's why I don't want to run for President and why I shouldn't be President. And that's why I'm for Taft."

Many admirers of the General would not agree with him about his ineligibility. But no one can disagree with our conclusion: the above is a magnificent statement from a magnificent man.

Korean Parleys: General John Hull, Deputy Chief of Staff, has gone to Korea with orders to push the cease-fire negotiations to a successful close, according to Pentagon sources. The latter say that one of Hull's knotty problems will concern the exchange of prisoners. It is not too well known that there is opposition to handing back to the Reds many thousands of their soldiers who surrendered to our side after listening to our "psychological warfare" appeals. We promised them "security" if they gave up.

What Hull will recommend is not known. But there is a strong feeling in the White House that we should not allow considerations of humanity in this case to interfere with a truce. Politically, the Administration must have it at any price.

Yet there is a resolution (proposed by Sen. Jenner [R. Ind.] but not pushed so far) which opposes surrender of these Chinese soldiers on the ground that such an act would thereafter ruin any chances of success for our psychological warfare. Our promise of "security" would be proven worthless. It is believed that Army officers at the front feel the same way.

When the Administration heard of the Jenner proposal, it had the Pentagon put some extraordinary and blood-curdling pressure on Jenner and the Senators who agreed with him. Pentagon warned that filing of the resolution might not only scuttle the chances of a truce, but also might prompt the enemy to massacre our men whom they hold prisoners. So, the Senators are laying low for the present. But their resolution is only suspended and the Administration apparently finds it a sobering threat.

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Textbooks Defended at Space Rates: The *Saturday Review of Literature* notifies publishers of school and college textbooks that its issue of April 19 will devote a special section to a "controversy of national importance . . . over American textbooks." The *Review's* editor, according to the circular, is disturbed, nay alarmed, by "the organized pressure now being put on schools, and even colleges, to alter drastically textbook policy". He sees in this a threat not only to American public school education but also to the "general structure of textbook publishing".

The circular letter goes on to say that "detailed information" regarding this special section will shortly be available: "in the meantime, we suggest that textbook publishers consider the opportunity that this issue will present for institutional advertising . . ."

We do not believe textbook publishers risk much in considering this "opportunity". In view of the veritable lynching of William F. Buckley, Jr.'s book, *God and Man at Yale,* which contains a documented and as yet unanswered attack on socialistic textbooks, we doubt that the *Saturday Review of Literature* will give any dispassionately objective consideration of charges such as those of Buckley. In fact, we will be surprised if the Buckleys won't be literally boiled in literary oil. So, "Forms close Friday, April 4; copy should reach us no later than . . ."

But we might warn these prospective advertisers that their reign may not be long unchallenged. We learn on good authority that a prominent trade book publisher, renowned for his independence of the "smear terrors" by the dominant intelligentsia, is now giving serious consideration to the expansion of his business into the textbook field.

Revising Official History: The "revisionist" historians have presented their case in the Beard, Morgenstern, Flynn, Sanborn books and other writings and have apparently provoked official propagandists to strenuous action. For the latter have been busy turning out new versions of the defense of the Roosevelt foreign policy. The latest is an ambitious affair, widely reviewed and apparently heavily financed, entitled *The Challenge to Isolation, 1937-40,* by Professors William L. Langer and S. Everett Gleason. And now the revisionists are opening fire on this volume.

Dr. Harry Elmer Barnes has just written and published a new pamphlet entitled, *The Court Historians Versus Revisionism.* Barnes complains that "court historians" Langer and Gleason have produced a work which is "no more critical of the deeds of President Roosevelt and Secretary Hull than were the Assyrian scribes of the achievements and policies of Sennacherib". And he charges that this is a "smooth and deceptive book" for the general public because "only the well-informed scholar would be able to detect the crucial information which has been omitted or the false implications attributed to the material which is utilized".

For instance, Dr. Barnes (whose own work as a historian is celebrated) takes after the "court historians" for their acceptance of the conventional version of Dunkirk. (We particularly liked this passage in the Barnes pamphlet, because HUMAN EVENTS in 1947 was the first publication to debunk the myth about the Dunkirk evacuation.) Dr. Barnes points out that Langer and Gleason reject the fact that it was "political considerations which led Hitler to halt his army and allow the British to escape at Dunkirk. In fact, they even ignore the fact that the British did escape because Hitler permitted them to do so, in order to further his peace program with Britain." And Dr. Barnes reminds us of Hitler's strong strain of Anglophilia.

This is a sample of Dr. Barnes' dissection of the latest effort of the anti-revisionists. Barnes, who has published his pamphlet himself in Cooperstown, N. Y., has sent us several hundred copies to distribute. We offer a copy free to any subscriber who writes in — as long as they last.

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